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Organizational matters

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Contents

Chapter		Pages
I.	Organizational matters	2
	UNDP segment	
II.	Financial, budgetary and administrative matters	3
III.	South-South cooperation	4
IV.	Evaluation	5
V.	Country programmes and related matters	7
VI.	United Nations Office for Project Services	8
X.	United Nations Capital Development Fund	9
XI.	Gender in UNDP	11
	UNFPA segment	
VII.	Financial, budgetary and administrative matters	13
VIII.	Country programmes and related matters	15
IX.	Technical Advisory Programme	16
	Joint UNDP/UNFPA segment	
XII.	Internal audit and oversight	18
XIV.	Follow-up to UNAIDS Programme Coordinating Board Meeting	18
XIII.	Other matters	20

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I. Organizational matters

1. The second regular session 2004 of the Executive Board of UNDP and UNFPA met from 20 to 24 September in New York. At the session, the Executive Board approved the agenda and work plan for its second regular session 2004 (DP/2004/L.3 and Corr.1), as orally amended, and the report on the annual session 2004 (DP/2004/32).

2. It agreed that further consultation was needed at the Bureau level before adopting the tentative work plan for the first regular session 2005, the annual work plan 2005 (DP/2004/CRP.7) and the following proposed dates for sessions in 2005:

First regular session 2005:	21 to 28 January 2005
Annual session 2005:	13 to 24 June 2005 (New York)
Second regular session 2005:	19 to 23 September 2005

3. Decisions adopted at the second regular session 2004 were included in document DP/2005/2 accessible at www.undp.org/execbrd.

Administrator's statement

4. In his opening address to the Executive Board, the Administrator, UNDP, reiterated the importance of 2005 as a pivotal year in United Nations efforts to achieve the Millennium Development Goals (MDGs) by the 2015 deadline. Underlining the growing urgency of the situation, he stressed that any real attempt at reaching that deadline would require a substantial increase in resources and tangible progress on all fronts, especially in Africa. In that regard, he drew attention to the informal high-level meeting on achieving the MDGs in Africa that would take place during the Board session. He spoke of the benefits of dismantling trade barriers to accelerate higher growth in developing country economies, debt relief for highly indebted poor countries, and opportunities for private sector development. The international community could not afford to miss its chance in 2005 to put in place the right policies, resources and above all political will needed to meet the MDGs.

5. In the area of United Nations reform and partnership building, the Administrator highlighted the importance of the burgeoning partnership between UNDP and the United Nations Industrial Development Organization (UNIDO) as an example of simplification and harmonization efforts at the country level that could serve as a model for future collaboration with other United Nations organizations. He announced the approval by the Advisory Committee on Administrative and Budgetary Questions to upgrade the post of Assistant Administrator and Director, Bureau for Resources and Strategic Partnerships, to that of Assistant Secretary-General.

6. He reassured delegations of the UNDP commitment to gender mainstreaming and gender equality, and the organization's efforts to ensure their incorporation into policies and programmes. He highlighted the successes and expectations of the joint roll out of the Enterprise Resource Planning system (Atlas) by UNDP, UNFPA and the United Nations Office for Project Services (UNOPS), as well as the relationship between UNDP and UNOPS and the future business model for the United Nations Capital Development Fund.

7. Delegations stressed that UNDP should continue to focus on the critical situation in Africa, make every effort to align the poverty reduction strategy papers (PRSPs) more closely with the MDGs and support technical cooperation in peace-building, economic growth and human security. The possibility of requesting an increase in security funding to tackle country-specific security challenges was raised. With regard to partnership building, delegations encouraged UNDP to step up its efforts to forge ties with the private sector and civil society. The organization would also do well to capitalize on its growing partnership with the United Nations Development Fund for Women and United Nations Volunteers to drive gender-mainstreaming efforts.

UNDP segment

II. Financial, budgetary and administrative matters

8. In discussing documents DP/2004/34 and Add.1, DP/2004/35, DP/2004/36, DP/2004/37 and Add.1, DP/2004/38 and DP/2004/39, delegations expressed appreciation for the consistent growth in overall UNDP resources over the previous four years, and especially the upward trend in regular resources for the third consecutive year. They emphasized the importance of eliminating the subsidization of other resources from regular resources as quickly as possible.

9. Despite increasing options for financing development activities, the importance of official development assistance and a predicable, stable regular resource base were underlined. In praising the accrual in regular resources, it was noted that fluctuating exchange rates should be considered when determining the funding increases while the Board might wish to avoid the term 'voluntary contributions', which could be misunderstood by governments. With regard to programme financing, several delegations wished to underline the positive role that burden sharing could play.

10. In noting ongoing UNDP activities to harmonize cost recovery principles and cost classification, they encouraged the organization to attribute costs in a transparent manner and develop a more straightforward cost-recovery mechanism with clear accountability for results. UNDP should likewise work to remove cross-subsidization in funding structures to eliminate discounts/incentives to non-core donors. In that regard, there was further need to enhance inter-agency relationships and strengthen the resident coordinator system, about which further discussion on the use of target for resource assignment from the core (TRAC) 2 resources was encouraged.

11. In discussing the continued strength of the Inter-Agency Procurement Services Office (IAPSO) as a self-financing entity and its consulting, capacity-building and partnership role, delegations commended IAPSO for its innovations in web-based procurement and supported efforts to intensify regional/governmental training programmes. They encouraged the office to enhance on-line services for the private sector and offer products from developing countries.

12. In response, the Administrator reiterated that while the organization's ability to attract non-core resources demonstrated its competitiveness and efficiency at the market level, its long-term financial viability depended on the existence of a strong, secure core resource base.

13. The Assistant Administrator and Director, Bureau of Management, underlined the determination of the organization to ensure full cost recovery for all resources received and managed by UNDP. He stressed, however, that that could only be achieved gradually as old projects were phased out and new policies put in place.

14. With regard to Atlas, he indicated that wave one was operational for UNDP, UNFPA and UNOPS finances and national staff across the globe. External access to Atlas by national execution authorities and projects would be piloted in selected countries. He emphasized the importance of change management and training in taking full advantage of the new planning system. A major priority was to enhance the reporting system, whose ready access of data already provided tangible benefits in ways that had previously not been possible, such as a gender scorecard. With regard to staff security, costs were being met through regular and other resources, and UNDP was seeking support for local costs under the government contributions to local office costs (GLOC) concept.

15. The Executive Board adopted decision 2004/29 on the annual review of the financial situation, 2004/30 on strategic cost management and implications for cost recovery and 2004/31 on the report of the Inter-Agency Support Services Office for the biennium 2002-2003.

III. South-South cooperation

16. In discussing the third cooperation framework for South-South cooperation (DP/CF/SSC/3), delegations noted with appreciation that South-South trade had been growing at 11 per cent a year for the previous decade, in particular between Africa and Asia. Underlining its benefits, it was agreed that South-South cooperation should be expanded to combat HIV/AIDS, create jobs and reduce poverty, and harness the talent of well-educated individuals of the South living in the developed countries to meet the MDGs. They were encouraged to see emerging economies become the 'prime movers' of South-South cooperation, stressing the need to involve more constructively the least developed countries.

17. To ensure the most effective approach to achieving its goals, the organization should expedite the process to appoint a full-time director of the Special Unit.

18. Delegations encouraged the organization to make better use of pivotal countries and continue promoting triangular cooperation. In the case of natural disasters, for example, UNDP could create regional response capabilities by using triangular relationships to get resources on the ground.

19. They emphasized the need to mainstream South-South cooperation in the design and implementation of programmes, linking it more closely to the MDGs and the multi-year funding framework (MYFF), and to define more clearly the Special Unit's value added niche. The organization should also work to ensure that the new framework had a catalytic effect on the horizontal activities of the United Nations system. Delegations encouraged UNDP to use United Nations Day for to promote South-South cooperation among developing countries.

20. UNDP should continue working to achieve private sector cooperation and involvement, and determine how developed countries could help to facilitate those goals. Ways should be sought to develop markets for goods from the South and promote Asia-Africa partnerships in order to exchange expertise and share best

practices. In that regard, there was a need to integrate lessons learned better and provide more analysis on business-to-business relationships.

21. Delegations encouraged the organization to formulate strategies to propel greater country office involvement while avoiding duplication among United Nations organizations. They also stressed the need for the Special Unit to promote South-South cooperation within regional and subregional groupings. The Special Unit could also support South-South initiatives in areas such as human rights, gender and disaster management. UNDP would do well to consider establishing regular meetings with South-South cooperation focal points to take advantage of knowledge gained in the field.

22. In response to the issue of appointing a director for the Special Unit, the Associate Administrator stated that many applications had been received following the posting of the vacancy notice. A shortlist of potential candidates had been approved in light of a thorough review of applicants, and a final decision would be made by mid-October 2004.

23. The Director, Operations Support Group, highlighting the changing South-South cooperation landscape, pointed to the crucial role of consultations in refocusing its expanding capacities and expectations. The organization had begun to think beyond simply playing an advocacy role to becoming a catalyst generating tangible results on the ground. New areas of engagement were identified – the sharing of best practices in HIV/AIDS prevention and promotion of the private sector via the Africa-Asia Business Forum, for example. The new South-South framework, born of that new thinking, would continuously evolve in the future. Staff would be moved to regional centres to foster cross-regional initiatives; a South-South best practices database would be established, demand-driven direct services provided, and triangular cooperation expanded. He stressed that the term 'prime mover' referred not necessarily to 'pivotal' countries but to countries willing to take the lead. Plans for United Nations Day were still evolving and would involve a public-private partnership focus. A meeting to enhance collaboration among Development Assistance Committee (DAC) donors on South-South initiatives was planned for 2005.

24. The Executive Board adopted decision 2004/32 on the third cooperation framework for South-South cooperation.

IV. Evaluation

25. In discussing documents DP/2004/40, DP/2004/41 and DP/2004/42, delegations were glad to note the progress made in evaluation. They highlighted the value of reporting results in accordance with UNDP corporate goals as defined in the MYFF, and appreciated the enhanced alignment of UNDP and its funds and programmes.

26. UNDP, it was asserted, should make every effort to ensure that the assessment of development results remained one of its highest priorities. They noted, however, that results-based management tools had not been sufficiently internalized in the organization, and thus urged UNDP to give the highest priority to training key staff in results-based planning, monitoring, evaluation and reporting.

27. Concern was raised over the low quantity of country offices evaluations, the basis of effective decision-making and accountability. While they acknowledged that compliance had been measured over the programme period, delegations asked

UNDP to increase the quantity of country offices evaluations the following year. It was suggested that quality assurance remain a high priority to ensure that the evidence base was strong. There was a request for UNDP to add an annex to the next annual report on evaluation with an overview of all evaluations performed corporately and in country offices.

28. Delegations underlined the intrinsic importance of evaluation to a knowledge-based, knowledge-networked organization. They welcomed the introduction of the Evaluation Resource Centre as a repository of evaluative knowledge, and encouraged UNDP to ensure that access to that material was as open as possible. The programme of staff exchange between country offices and the Evaluation Office was considered innovative and worthy of potential replication. Delegations wished to learn more about the growth of the Evaluation Network (EvalNet) and regional initiatives in capacity development both within UNDP and among its partners. Delegations also encouraged UNDP to continue to build its work with the DAC Network on Evaluation. It was suggested that the approach of the International Fund for Agricultural Development in tracking follow-up to evaluation recommendations might provide lessons for UNDP.

29. Delegations welcomed the forthright reporting and commended the quality and usefulness of the evaluation of the second global cooperation framework (GCF). It was stressed that such evaluations should serve as learning instruments and a source of accountability for the Board. Some concern was expressed that the evaluation was vague on the effectiveness of GCF-II, although such judgments were perhaps premature. Delegations urged UNDP to continue to implement the recommendations in the evaluation report when elaborating the proposed GCF-III, particularly the development of a set of measurable indicators to assess its performance. The Board would consider the GCF-III proposal in more detail at its first regular session 2005.

30. In response, the Director, Evaluation Office, thanked the Board for its positive feedback and its continued support in helping UNDP to strengthen its evaluation function. She agreed that there was a need to address the issue of the low frequency of evaluations conducted at the country level, and thus the strength of the evidence base on which UNDP relied. She noted that while just over 30 outcome evaluations had been completed by September 2004, 64 were planned for completion by country offices between October 2004 and June 2005.

31. She assured delegations that the assessment of development results remained a high priority for evaluation. Country and thematic-focused evaluations would continue to focus on and raise vital strategic issues for UNDP.

32. Responding to the importance of evaluation to a knowledge-based and knowledge-networked organization, she stressed the value of the Evaluation Resource Centre, which facilitated country office sharing of evaluation experiences via its global database.

33. Responding to comments on GCF-II, the Director, Bureau for Development Policy, made clear that in designing GCF-III the organization was giving its utmost attention to the prescriptions of the evaluation of GCF-II. The main challenge was to ensure by identifying measurable indicators that GCF measures were felt at the field level. UNDP would work closely with the Board in putting together GCF-III.

34. The Executive Board adopted decision 2004/33 on the annual report of the Administrator on evaluation and 2004/34 on the evaluation on the second global cooperation framework.

V. Country programmes and related matters

35. The Executive Board discussed in detail the Administrator's note on assistance to Somalia (DP/2004/43 and Corr.1) outlining the proposed UNDP programme for 2005-2006 taking into account recent developments in the peace and reconciliation process.

36. It reviewed the extensions of country cooperation frameworks for Senegal, Saint Helena and Paraguay (DP/2004/44), and provided comments on the draft country programme documents for Mauritius, the Democratic People's Republic of Korea, the Republic of Korea and Guatemala.

37. The Board also heard an oral report on UNDP assistance to Myanmar covering the major findings and conclusions of the 2004 independent assessment of the Human Development Initiative projects conducted in August 2004.

Assistance to Somalia

38. In discussing the existing situation in Somalia and its implications for the delivery of humanitarian and development assistance, delegations expressed support for the strategic approach of UNDP to promoting peace and security by concentrating on the rule of law, poverty reduction, governance, public administration and civil society.

39. They did, however, request more information on lessons learned, encouraged UNDP to work even more closely with other United Nations organizations, urged a more proactive approach to peacebuilding and in building the technical capacity of the Government, for which the trust fund established in 2002 should play a role and via support to the Intergovernmental Authority on Development (IGAD).

40. Delegations highlighted with concern that the report did not mention positive developments, such as the acceleration of the peace process, the refugee return programme, the exemplary country team coordination that had ensured smooth programme implementation, and the new instrument supporting the United Nations international framework for a joint Rapid Assistance Programme. They recommended closer collaboration with the Government in disarmament, demobilization, rehabilitation and reintegration activities and stressed the importance of African ownership of the peace process.

41. Delegations encouraged UNDP to continue to mobilize resources and develop strategic partnerships, including through the Consolidated Appeals Process and direct donor support, and to cooperate with the Intergovernmental Authority on Development Partners Forum in developments concerning international assistance and coordination arrangements in support of the future Somali Transitional Federal Government.

42. In response, the Resident Coordinator/Resident Representative, explaining that the note by the Administrator did not reflect the latest positive developments because it had been finalized before they took place, reassured delegations that the database would quickly be updated. He stressed that UNDP could contribute further to the peace process in Somalia by fostering a stronger role for the business community and civil society, and strengthening coordination among United Nations organizations. He added that to adequately address the crisis additional resources would be needed to buttress existing official development assistance.

43. The Board authorized the Administrator to approve projects consistent with the strategic approach on a case-by-case basis.

44. The Executive Board adopted decision 2004/35 on assistance to Somalia.

Assistance to Myanmar

45. In response to the oral presentation on the assistance to Myanmar, delegations expressed appreciation for the activities of UNDP at the community level, in particular its work on HIV/AIDS and as a neutral voice in defence of the poor. With due regard for the specific mandate governing UNDP assistance in the country, delegations commented on the organization's inability to have a wider impact on poverty alleviation given the extensive needs in the country and the particular focus of UNDP activities. In that regard, support was expressed for UNDP work on pro-poor policy issues within the framework of its mandate.

46. There was a call for the Government to maintain its commitment to facilitate the role of UNDP in implementing the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), in particular at the grass-roots level where much progress had already been made under the UNDP Human Development Index (HDI) projects.

47. Delegations looked forward to receiving the report of the 2004 UNDP HDI Assessment Mission to Myanmar at the first regular session in January 2005.

48. In response, the Resident Coordinator/Resident Representative assured the Board that he was making every effort to enhance consultations among the various stakeholders and that the United Nations strategic framework was one of the mechanisms through which that was being done. With respect to the management of the GFATM, UNDP had put in place a number of mechanisms to conduct frequent audits to ensure the diligent use and flow of funds.

49. The Executive Board took note of the oral report on assistance to Myanmar.

Decisions on country programmes

50. The Executive Board took note of the draft country programme documents and the comments made thereon for Mauritius, the Democratic People's Republic of Korea, the Republic of Korea and Guatemala.

51. The Executive Board adopted the extensions of the country cooperation frameworks for Senegal, Saint Helena and Paraguay.

VI. United Nations Office for Project Services

52. In discussing the progress report of the Executive Director on the activities of the United Nations Office for Project Services (UNOPS) (DP/2004/45), delegations commended the Executive Director for his leadership in working to improve the difficult financial situation of UNOPS, and encouraged him to redouble his efforts to implement the change management process and ensure the agency's financial stability and accountability.

53. While maintaining focus on the organization's mandate, governance and efforts to decentralize, UNOPS should continue to proceed rapidly with internal reforms and attract new business. In that regard, delegations highlighted the importance of increasing business volume by cooperating with other United Nations organizations, in particular UNDP.

54. They called on the Management Coordination Committee to provide complete and impartial support to UNOPS and to consider expanding its membership to better reflect the client base of UNOPS. They encouraged ongoing dialogue between UNOPS, the MCC and Member States, and requested the MCC to report to the Board at its first regular session 2005 on its assessment of progress and guidance provided.

55. Concerned over the financial projections and the projection of the fund balance roll-forward, delegations looked forward to an informal meeting in November 2004 to review the financial performance for 2004 and outlook for 2005.

56. With regard to the preliminary comments of UNOPS to the report of the United Nations Board of Auditors, Board members decided to defer further consideration to the first regular session 2005 where the report would be formally presented together with recommendations from the Advisory Committee on Administrative and Budgetary Questions.

57. In response, the Executive Director noted with appreciation delegations' expressed support and their concern over the current financial projections and the projection of the fund balance roll-forward. He assured the Board that UNOPS would continue to work towards financially securing the organization. The Board would remain fully informed and a report covering UNOPS corporate strategy and updated financial situation would be presented at the first regular session 2005. He looked forward to holding an informal meeting with Board members in late November to report on progress.

58. The Executive Board adopted decision 2004/36 on the United Nations Office for Project Services.

X. United Nations Capital Development Fund

59. The progress report on options for a future business model of the United Nations Capital Development Fund (UNCDF) (DP/2004/46) identified two options for a new strategic niche for the Fund, with the understanding that maintaining the status quo was not a viable alternative. The first, an ODA-based model, envisioned a UNCDF specialized in retail microfinance funded by voluntary contributions. The second, a private-sector-based model, proposed a UNCDF specialized in channelling and utilizing private capital for high social impact investments in support of the MDGs. In both options, local governance programmes would be migrated to UNDP in the a newly created Centre for Local Development.

60. In response, delegations stressed the seminal role that the Fund played through its local governance and microfinance programmes in the areas of poverty reduction and policy impact which have been replicated by donors. UNCDF areas of expertise were found to be very much in demand in least developed countries (LDCs) in particular to respond to the MDGs and country needs.

61. While delegations agreed on the seminal role of the Fund in development activities, reactions varied with regard to the UNDP proposed options to integrate

the local governance activities of UNCDF into a distinct unit called the Centre for Local Development, while continuing microfinance activities in UNCDF, possibly with expansion into private sector development work. Several delegations supported the integration of both UNCDF local governance and microfinance activities into UNDP, considering it a synergistic option, in line with broader efforts at organizational consolidation in the United Nations family. Other delegations felt that too few options were proposed, while some expressed satisfaction with the existing UNCDF model.

62. Those supportive of integration asserted that it would allow the microfinance and local governance work of UNCDF to continue while operating in the UNDP context. There was also broad agreement that the work of the integrated local governance unit should continue to focus on LDCs. More complete information was requested on how integration would occur and the amount of resources required.

63. Those delegations that supported the status quo option of maintaining the existing UNCDF model stated that resource mobilization, advocacy and providing assistance/know-how were more sustainable solutions for UNCDF as opposed to restructuring, and suggested a more active role of UNDP in resource mobilization for UNCDF.

64. Other Board members felt the process of integrating UNCDF into UNDP seemed rushed and expressed concern that its mandate was being changed. They asserted that the UNCDF business model, although in need of some restructuring, was essentially performing well as proven by the Fund's reputation as a trusted, effective partner and its critical, relevant work in microfinance. They insisted that not enough information was provided to take an informed decision. Some delegations expressed concern that UNCDF had been without an Executive Secretary for almost a year, to the detriment of overall advocacy efforts.

65. Several Board members expressed reservations about the idea of having UNCDF act as a clearinghouse or wholesale broker in the finance market, and a few expressed specific concerns about the role of UNCDF in taking on financial risks. They requested significant additional analysis in order to consider this option.

66. In conclusion, Board members requested UNDP to elaborate a detailed proposal on the organizational arrangements of the future Centre, its management, staffing, programming and funding arrangements with an assessment of opportunities/risks involved, to be presented to the Executive Board at its first regular session in January 2005.

67. The Board also asked for further clarification on the viability and feasibility of options 1 and 2, taking into account the concerns expressed by delegations, as well as possible other options, such as maintaining an independent UNCDF and strengthening UNDP assistance to UNCDF in its advocacy efforts to mobilize resources.

68. Furthermore, delegations asked UNDP to elaborate on the option of integrating UNCDF microfinance activities into UNDP, also to be presented to the Executive Board at its first regular session 2005.

69. In requesting those further clarifications, the Executive Board confirmed that the final decision on the mandate and future of UNCDF was solely within the purview of the United Nations General Assembly.

70. In response, the Associate Administrator, noting with appreciation the constructive, forthright comments by delegations, pointed to the need to find a strategic niche for the Fund in light of the options presented in document

DP/2004/46. He stressed the importance of reaching a consensus on the best strategy for the Fund's future, and ensured delegations of corporate transparency in doing so. He indicated that an Executive Secretary could only be appointed once the Fund's future had been defined.

71. The Deputy Executive Secretary/Officer-in-Charge, UNCDF, underlined efforts to build on the comparative advantages of the Fund by promoting the growth of sustainable microfinance in least developed countries in Africa.

72. The Executive Board adopted decision 2004/37 on the progress report on options for a future business model for the United Nations Capital Development Fund.

XI. Gender in UNDP

73. Delegations thanked the Administrator for highlighting UNDP successes in gender mainstreaming and outlining the joint action plan with the United Nations Development Fund for Women (UNIFEM) (DP/2004/47).

74. Delegations expressed their appreciation for the organization's commitment to mainstreaming gender in all its programmes and activities and to ensuring gender equality and women's empowerment in all UNDP service lines. Specific requests for additional clarification, however, were made on how the organization was measuring gender results and more details on gender specific indicators, their use and means of capturing data in the MYFF and ERP system. They also queried if there was a timeline to achieve gender balance in programmes, and requested more information on the inter-agency task force, led by UNIFEM, preparing a toolkit for gender theme groups. There was a query as to whether UNDP would be able to fulfil the objectives of the joint action plan using existing human and financial resources.

75. Delegations welcomed the gender scorecard initiative and its usefulness in providing ongoing monitoring to achieve a 50/50 gender balance at all levels of the organization by 2010. But they sought more information on the functioning of the gender scorecard and whether an incentive programme existed for management implementation. In general, they stressed the importance of monitoring the implementation of gender mainstreaming activities, and encouraged UNDP to ensure appropriate lines of accountability and to carry out systematic performance appraisals.

76. Delegations urged UNDP to be mindful of the autonomy and role of UNIFEM as a catalyst and innovator for gender-related programming. They urged UNDP to work with UNIFEM to promote gender equality as a cross-cutting driver. They commended the collaboration between UNDP and UNIFEM in the regional service centres and noted with appreciation UNIFEM-UNDP teams working with core practice groups to analyse further improvements from a gender perspective. They stressed, however, that UNIFEM should maintain independent reporting.

77. They looked forward to an update on progress achieved in the partnership between UNDP and UNIFEM, as well as to a discussion of the comprehensive corporate strategy for gender mainstreaming and an implementation plan at its first regular session in January 2005.

78. In response, the Director, Bureau for Development Policy, assured delegations that UNDP work on creating reliable indicators for measuring gender results was underway. Delay in finalizing those indicators was partly a result of the inherent

difficulties in mapping gender-specific results in projects and programmes. The key role of UNIFEM as innovator and catalyst was underlined, in particular at the country level where UNIFEM and UNDP were working to synergize their efforts.

79. The Deputy Director for Programmes, UNIFEM, looked forward to the informal meeting in November 2004 on finalizing the gender toolkit and discussing the implications of the triennial comprehensive policy review. In underlining the autonomous, innovative character of the Fund, she stated that UNIFEM was vigilant in safeguarding its independent reporting.

80. The Executive Board adopted decision 2004/38 on gender in UNDP.

UNFPA segment

Statement by Deputy Executive Director

81. The Deputy Executive Director (Programme) delivered the opening statement on behalf of the UNFPA Executive Director, who was unable to attend the meeting. He informed the Executive Board that the Secretary-General had confirmed the Executive Director's appointment for another three years. On behalf of the Executive Director, he thanked the Board members for their strong and steadfast support.

82. Focusing on the tenth anniversary of the International Conference on Population and Development (ICPD), he noted that countries had made the ICPD Programme of Action their own blueprint and had reaffirmed their resolve, inter alia, to strive for human rights, gender equality and women's empowerment, provide access to quality reproductive health services, including to combat HIV/AIDS, and mobilize resources to achieve ICPD goals and objectives. He pointed out that the culmination of activities in all regions would be the General Assembly's commemoration of the tenth anniversary of ICPD. The event would take place in New York on 14 October 2004. He underscored the critical linkages between the ICPD agenda and the Millennium Development Goals (MDGs), particularly with regard to eradicating poverty and improving the quality of people's lives.

83. Regarding the triennial comprehensive policy review (TCPR), he underscored that UNFPA, together with other United Nations agencies, was continuously exploring new ways to strengthen collaboration within the system and with other development partners. The harmonization and simplification of rules and procedures was one such example. He emphasized that the United Nations reform was about people and about making the system more efficient and effective in meeting people's needs.

84. While thanking countries for their contributions and the confidence placed in UNFPA, he observed that in 2004, for the first time in its history, UNFPA expected to pass the $400 million mark in total income. The increase in resources was due primarily to increased contributions from eight major donors, as well as to the favourable exchange rate for the euro.

85. He noted the additional activities UNFPA had undertaken to strengthen its work in the area of culture and human rights, including the launching of a web page on case studies on culture. Before concluding, the Deputy Executive Director introduced the annual financial review, 2003, and underscored the additional measures needed to safeguard the security and safety of UNFPA personnel and

premises globally, as well as the resources required for those measures. He noted that those matters would be considered by the Executive Board under agenda item 7: Financial, budgetary and administrative matters.

86. In the ensuing discussion, delegations congratulated the Executive Director on the renewal of her appointment and conveyed good wishes for her speedy recovery. Numerous delegations expressed support for UNFPA and for placing the ICPD Programme of Action high on the international agenda. They stressed that the ICPD agenda was essential for eradicating poverty and meeting the MDGs. The importance of South-South cooperation was emphasized. Delegations appreciated the positive picture regarding UNFPA resources. However, they urged UNFPA to broaden its donor base. They also emphasized the need to increase core resources and expand burden-sharing among donors. A number of delegations announced their contributions to UNFPA, including some that announced major increases.

87. Several delegations called attention to the World Leaders Statement and urged countries that had not already signed the statement to do so in support of ICPD.

88. Delegations' comments pertaining to the annual financial review, 2003, and the additional security requirements to safeguard UNFPA personnel and premises globally are reflected in the section below on agenda item 7: Financial, budgetary and administrative matters.

89. The Deputy Executive Director (Programme) thanked the Executive Board members for their support and guidance. He appreciated the contributions announced by a number of delegations. He also thanked delegations for the good wishes for the Executive Director and noted that he would convey them to her. He stated that UNFPA was greatly encouraged by the support expressed for the World Leaders Statement. He took note of the comments concerning the Fund's resource situation and assured the Board that UNFPA would strive to increase core resources and expand its donor base. He confirmed that South-South cooperation was an important priority for UNFPA. Responding to a query, he noted that the Fund paid close attention to the complex demographic situation in the countries in Eastern Europe and Central Asia. He pointed out that UNFPA greatly valued its partnerships with other United Nations agencies, civil society and other development partners. He also referred to the Fund's important partnership with WHO, including with regard to the '3 by 5' Initiative to tackle HIV/AIDS.

VII. Financial, budgetary and administrative matters

Annual financial review, 2003

90. Following the introduction of the Annual financial review, 2003 (DP/FPA/2004/15) and the corrigendum (DP/FPA/2004/15/Corr.1), a number of delegations took the floor and were pleased to note the upward trend in UNFPA funding. However, they cautioned against complacency and observed that the increase in funding was built on a narrow base of favourable exchange rates and a few major donors. They urged expanding the donor base and underscored the need to increase core resources. It was emphasized that burden-sharing amongst donors should be a central concern in resource mobilization. Delegations asked for further details on some of the trends, including reduction in programme expenditure in 2003 and increase in direct implementation by the Fund. They also asked how UNFPA planned to have more stable funding. While noting that the report was clear and

succinct, delegations noted that it would be helpful to include definitions of different categories of income and expenditure in future reports.

91. The Deputy Executive Director (Management) thanked the donors that had announced increased contributions. She appreciated earlier increases by other major donors, as well as the contributions from developing countries, including support to their country programmes. She hoped that the new members of the European Union would be able to provide increased support to UNFPA. She stated that the Fund's resource mobilization strategy focused on increasing the donor base as well as increasing core funding. She noted the trend in co-financing and stated that UNFPA had received large contributions from some donors for specific programmes.

92. Regarding reduced programme expenditure in 2003, she clarified that from 2001 to 2002 there had been a carry-over of close to $40 million. However, from 2002 to 2003 the carry-over had only been $6.6 million. She noted that there had been certain one-time expenditures in 2003, for example, for the Enterprise Resource Planning (ERP) system. Also, system-wide staff salary increases mandated by the General Assembly had impacted the Fund's biennial support budget. She added that due to late payments or large contributions at the end of the year there had been a carry-over of $20 million from 2003 to 2004. She stated that while UNFPA was deeply grateful for additional year-end contributions it was not always possible to rapidly programme those funds at year-end. Regarding the query on how to achieve financial stability, she noted that one way would be to have an increased number of countries make multi-year pledges. She observed that at present a very small number of countries made multi-year pledges.

93. In responding to a query, the Director, Division for Management Services, noted that after-service insurance was presently valued at $69.5 million. He stated that UNFPA incurred expenditure on a pay-as-you-go basis for those benefits and a disclosure had been made in the Fund's financial statement of 2002. He added that the issue was also being discussed within the United Nations system with a view to harmonization. Regarding the annual financial review, he appreciated the suggestions from delegations and noted that UNFPA would incorporate them in future reports.

94. The Executive Board adopted decision 2004/26: UNFPA Annual financial review, 2003.

Additional security requirements to safeguard UNFPA personnel and premises globally

95. The Deputy Executive Director (Management) introduced the report entitled Additional security requirements to safeguard UNFPA personnel and premises globally (DP/FPA/2004/14). She outlined the elements considered essential to ensure the safety and security of UNFPA staff and provided additional information that had been presented earlier to the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

96. Numerous delegations expressed support for the security requirements to safeguard UNFPA staff and premises globally. Delegations underscored that staff security was crucial and should not be compromised. Some delegations noted that the recommendations of the ACABQ should be kept in mind. Delegations requested more detailed information concerning the additional security requirements. They asked about the relationship to the Secretary-General's report being submitted to the General Assembly. They also inquired about coordination with United Nations

system-wide security arrangements. Some delegations stated that security costs should be covered through regular funds of the United Nations. Delegations stated that the maximum amount of resources should be spent on programmes and projects and there should be no adverse impact on core funding for programmes.

97. The Deputy Executive Director (Management) appreciated the support expressed. She clarified that funding was being requested to enable UNFPA to ensure Minimum Operating Security Standards (MOSS) compliance; meet the apportioned share of the higher cost of UNSECOORD; meet increasing insurance costs; and establish a basic security structure at UNFPA. She noted that although UNFPA worked in over 140 countries funding was requested for only three regional security advisers. She pointed out that having the additional staff would enable UNFPA to work effectively with the central security structure of the United Nations system and implement the security directives in a timely manner. She noted that the Fund's security adviser had made a major contribution in improving UNFPA security efforts. She further observed that some security measures would be included in project budgets for co-financing. However, those were separate from the additional security requirements for which funding was being requested. She assured the Executive Board that UNFPA would make every effort to minimize the impact of security costs on programmes.

98. The Executive Board adopted decision 2004/27: Additional security requirements to safeguard UNFPA personnel and premises globally.

Report of the ACABQ

99. The Executive Board took note of the Report of the Advisory Committee on Administrative and Budgetary Questions on additional security requirements to safeguard UNFPA personnel and premises (DP/FPA/2004/17).

VIII. Country programmes and related matters

100. The Deputy Executive Director (Programme) and the Director, Latin America and the Caribbean Division, introduced the draft country programme document for Guatemala (DP/FPA/DCP/GTM/5).

101. Delegations appreciated that the draft country programme had been developed in close consultation with civil society in Guatemala. They supported the Fund's focus on improved skilled attendance at birth and efforts to address obstetric emergencies. They stated that the decrease in the maternal mortality ratio between 1989 and 2000 was a welcome development. The importance of being culturally sensitive in addressing reproductive health issues was underscored.

102. One delegation clarified that its country did not plan to end its contraceptive assistance programme to Guatemala and requested that the draft programme text be amended to reflect that. The delegation added that contraceptive sustainability in Guatemala would be enhanced if UNFPA continued to provide contraceptives beyond 2005. In that regard, delegations welcomed the news about the additional contribution from the Government of the Netherlands for UNFPA to provide reproductive health commodities to Guatemala.

103. Delegations stressed the need to assist the most vulnerable groups in Guatemala, particularly indigenous groups, especially with regard to increasing access to health and educational services. They requested additional information regarding the programme's focus on the indigenous population, as well as with regard to the balance between rural and urban areas. Regarding the long-term sustainability of the programme, one delegation expressed concern that 80 per cent of the programme resources would come from non-core resources. The delegation underscored the importance of utilizing a participatory approach that involved indigenous groups in project development. The delegation added that its country planned to implement a comprehensive project in the western highlands of Guatemala that would focus on health, education and agriculture. Noting that its project on reducing maternal mortality amongst indigenous groups would start in February 2005, the delegation stated that it would like to have a meeting with UNFPA to exchange information.

104. Concerning the programme's gender component, delegations were pleased that the programme would seek to strengthen, with the participation of indigenous women, the dialogue between government and civil society in order to mainstream gender equality and promote women's empowerment. One delegation asked if UNFPA would be working together with other United Nations agencies in addressing the issue of gender. Noting that UNFPA planned to support the Presidential Secretariat for Women, one delegation stated that there was a need for the Government to improve the financial situation of the secretariat.

105. The Director, Latin America and the Caribbean Division, appreciated the positive comments and suggestions made by delegations. Regarding the comment from one delegation, she stated that the text of the document would be amended to reflect that support for contraceptive commodities from that country was not being phased out. She assured the Executive Board that the programme in Guatemala would focus on addressing the needs of the indigenous population, particularly with regard to reducing maternal mortality. Regarding gender issues, she confirmed that UNFPA would engage in joint programming with other United Nations agencies. She took note of the concern regarding long-term programme sustainability and stated that UNFPA would make every effort to mobilize the required resources. She welcomed the suggestion for UNFPA to exchange information with the country that was planning a comprehensive project in Guatemala.

106. The Executive Board took note of the draft country programme document for Guatemala (DP/FPA/DCP/GTM/5) and the comments made thereon.

IX. Technical Advisory Programme

107. The Deputy Director, Technical Support Division, introduced the report entitled Midterm review of the Technical Advisory Programme (DP/FPA/2004/16). He noted the major changes that the Technical Advisory Programme (TAP) had undergone in its current cycle, 2002-2005. He pointed out that the midterm review was based on only six to nine months of full implementation of the TAP. However, the TAP system was clearly moving in the right direction and UNFPA would report more definitively on its impact in due course.

108. Delegations appreciated the efforts under way to strengthen the competency base and skill mix of the TAP, as well as to promote South-South cooperation. The importance of addressing the needs and priorities of programme countries was

underscored. It was stressed that close attention should be paid to the different needs and strategies of programme countries, as well as to their varying institutional and human capacities. Noting that the midterm review appeared to be essentially an internal exercise, delegations asked if any external consultations had taken place in preparing the review.

109. Delegations emphasized that UNFPA should continue to ensure that reproductive health received the funding and the attention it deserved within country policy, planning and budgetary processes. They stressed that the Country Technical Services Teams (CSTs) of the TAP should contribute to and align with such country-led processes as the poverty reduction strategy papers (PRSPs), sector-wide approaches (SWAps) and the United Nations Common Country Assessment (CCA)/United Nations Development Framework (UNDAF).

110. Delegations underscored the need to improve understanding and implementation of the Fund's strategic direction and the need to orient technical support to it. The importance of flexibility in the activities of the CSTs was stressed. One delegation expressed concern regarding the contribution of CSTs to strengthening capacity and supporting engagement at the country level. Noting that the effectiveness of the CSTs should be judged by the value they add to country engagement, the delegation wondered if such engagement should rely so heavily on regional CSTs. The delegation also wondered about the longer term value of the current TAP configuration and offered to explore, with UNFPA, alternative approaches that might better meet the needs of countries for sustained support and responsive technical know-how.

111. Noting that the time-span had been too short for clear conclusions to be arrived at regarding TAP outputs and outcomes, delegations requested a report on the impact of the TAP to be submitted to the Executive Board at the second regular session 2005. They asked whether the TAP cycle could be harmonized with the cycles of the multi-year funding framework (MYFF) and the biennial support budget. They also requested that future reports include information on how the TAP contributed to t goals specified in the MYFF. Delegations also requested additional information on the Fund's strategic partnerships and encouraged UNFPA to strengthen its partnerships with FAO, ILO and UNESCO. One delegation asked whether there was any cooperation between the UNFPA CSTs and the UNDP Subregional Resource Facilities (SURFs).

112. The Director, Technical Support Division, appreciated the constructive comments from delegations. While noting that the TAP midterm review had been an internal exercise, she pointed out that inputs had been sought from the country offices. She added that in due course there would be an external evaluation with in-depth feedback from national counterparts, national/regional institutions, country offices, as well as other development partners. She observed that the TAP was a modest system with relatively modest resources. She confirmed that the CSTs frequently collaborated with other teams, including the SURFs and the UNAIDS and UNICEF teams.

113. The Deputy Director, Technical Support Division, thanked the delegations for their helpful comments. He noted that as advised by the Executive Board, UNFPA would further strengthen and promote its strategic partnerships with various United Nations agencies. He stated that some of the UNFPA CSTs already worked collaboratively with UNAIDS teams, as well as with ILO and FAO, among others. He noted that UNFPA was putting together a catalogue of all United Nations regional teams and mechanisms. He emphasized that capacity-building at country level was a basic function of the CSTs and it also led to South-South cooperation.

He pointed out that the CSTs identified institutions that had the capacity to provide technical assistance in their own countries, as well as the ability to engage in South-South cooperation. He added that a fundamental part of the work of the CSTs was to ensure the implementation of the Fund's strategic direction.

114. The Executive Board adopted decision 2004/28: Report on a midterm review of the Technical Advisory Programme.

Joint UNDP/UNFPA segment

XII. Internal audit and oversight

115. Delegations thanked the Associate Administrator, UNDP, for introducing on behalf of UNDP, UNFPA and UNOPS the joint report on a proposed framework for resolution of issues contained in internal audit reports (DP/2004/CRP.8–DP/FPA/2004/CRP.5).

116. They welcomed the harmonized framework proposed by UNDP, UNFPA and UNOPS and considered it a significant step forward. They noted that the clear objectives, timeframes and indicators specified in the format would allow the Executive Board to monitor progress in resolving issues contained in the UNDP, UNFPA and UNOPS annual reports on internal audit and oversight. Delegations encouraged the three organizations to make the framework as concrete and comprehensive as possible and pointed out that it would be important to specify the actions to be taken under the strategies that were outlined.

117. It was noted that the format should not replace but complement the narrative information contained in the audit reports. Delegations suggested that the format could be used more widely by other parts of UNDP, UNFPA and UNOPS. Furthermore, they suggested that it would be helpful if other organizations, including UNICEF, could also use the same format.

118. Noting that they were pleased that delegations had endorsed the proposed framework, the Associate Administrator, UNDP, the Deputy Executive Director (Management), UNFPA, the Officer-in-Charge, Division for Oversight Services, UNFPA, the Officer-in-Charge, Office for Audit and Performance Review, UNDP, and the Chief Finance Officer, UNOPS, stated that they looked forward to implementing it. They also observed that the format would be shared with other agencies and organizations.

119. The Executive Board adopted decision 2004/39 on internal audit and oversight.

XIV. Follow-up to UNAIDS Programme Coordinating Board Meeting

United Nations Development Programme

120. Delegations welcomed the report on UNDP follow-up to the UNAIDS Programme Coordinating Board meeting (DP/2004/CRP.9), noting in particular its clarity and precision in identifying the organizations' comparative advantages in combating HIV/AIDS. They did, however, suggest that UNDP was unclear on how

it was organizing itself – staff development, programming, level of resources, strategic plan – in dealing with the epidemic.

121. Members of the Board encouraged UNDP to further promote coherence in actions among agencies at the country level and underlined the importance of implementing the "three ones" approach – one agreed HIV/AIDS action framework that provides the basis for coordinating the work of all partners; one national AIDS coordinating authority with a broad-based multisectoral mandate; and one agreed country-level monitoring and evaluation system.

122. They urged UNDP and UNFPA to continue to strengthen the UNAIDS partnership, especially at the country level, and pressed both organizations to ensure the inclusion of the UNAIDS Country Coordinator as a member of the United Nations country team. They likewise encouraged UNDP and UNFPA to develop, in cooperation with the UNAIDS secretariat and the other co-sponsors, a harmonized, outcome-oriented format to report annually on their HIV/AIDS activities to the UNAIDS Programme Coordinating Board, as well as to the Executive Board.

123. In response, the Group Leader, HIV/AIDS Group, UNDP, affirmed that the organizations were diligently working on the 'three ones', which, designed collectively among agencies, were the foundation for all their HIV/AIDS work. The inter-agency task force, consisting of 30 countries, was seeking ways to strengthen coordination among organizations. She stressed, however, that the financial resources needed to run the programme effectively were difficult to obtain. Atlas would prove helpful in compiling data on programme-resource requirements. More information on UNDP comparative advantages would be provided at the first regular session in January 2005.

124. The Executive Board adopted decision 2004/40 on UNDP and UNFPA follow-up to UNAIDS Programme Coordinating Board meeting.

United Nations Population Fund

125. In his opening remarks, the Deputy Executive Director (Programme), UNFPA, underscored that in following up on the recommendations of the UNAIDS Programme Coordinating Board (PCB), UNFPA was deeply committed to making a difference in people's lives. The Chief, HIV/AIDS Branch, UNFPA, introduced the Fund's report entitled UNFPA response: Implementing the UNAIDS PCB recommendations (DP/FPA/CRP.6). He emphasized that as part of its coordination, harmonization and performance monitoring efforts, UNFPA was committed to implementing the "three ones" and developing joint United Nations implementation support plans through the United Nations theme groups on HIV/AIDS. He noted that UNFPA was also focusing on capacity development at the country level; addressing the needs of women and girls; promoting partnerships with civil society, including people living with HIV/AIDS; and comprehensive condom programming.

126. Delegations noted that the UNFPA report was precise and to the point. They welcomed the focus on the Fund's value-added in response to HIV/AIDS, namely, the link to sexual and reproductive health, women's empowerment, gender dimensions and the needs of young people. Delegations welcomed the suggestion contained in the UNFPA report regarding harmonizing the format of the reports to the PCB and the Executive Board.

127. The Executive Board adopted decision 2004/40: UNDP and UNFPA follow-up to UNAIDS Programme Coordinating Board meeting.

XIII. Other matters

Briefing on UNDP-UNIDO partnership

128. The Director General of UNIDO and the Administrator of UNDP gave an informal presentation on the strategic partnership recently forged between both organizations. The presentation provided contextual information about the synergy between the two organizations, including a two-pronged, medium-term approach in the area of technical cooperation and field representation/decentralization.

129. Regarding the technical cooperation portfolio, UNIDO would continue to sharpen the focus and substance of its contributions and articulate a business plan for economic development programmes at the United Nations level. In terms of field representation and decentralization, the strategic partnership with UNDP would facilitate the implementation of recommendations by the Secretary General's Commission on the Private Sector and Development and UNIDO would work with UNDP to create a new field representation model.

Informal high-level meeting on achieving the MDGs in Africa

130. The Executive Board held a high-level informal meeting "Achieving the MDGs in Africa: Paving the Way for Action in 2005 in Beyond", featuring addresses by President Olusegun Obasanjo of Nigeria; President Bingu wa Mutharika of Malawi; the Right Honourable Jack Straw, United Kingdom Foreign Secretary; Dr. Anna Kajumulo Tibaijuka, Executive Director of United Nations Habitat; and Jeffery Sachs, Special Advisor to the Secretary General on the MDGs and Director of the United Nations Millennium Project.

131. Many critical issues for achieving the MDGs in Africa were discussed including Africa's development challenges and the role of the international community; the work of the New Partnership for Africa's Development (NEPAD); the work of the Commission for Africa; the importance of 2005 in global efforts to achieve the MDGs; the work of the Millennium Project, and growth strategies for Africa.

Presentation of a model for future MYFF reports

132. In accordance with documents DP/2004/4 and DP/2004/CRP.6, UNDP presented to the Executive Board for its consideration a model for future multi-year funding framework (MYFF) reports. The model, or 'mock-up', was prepared to illustrate the latest thinking on how the organization intended to report on performance and results beginning with the annual session of the Board in June 2005.

133. The new generation of reports on the MYFF would provide the Board with a more integrated analysis of performance than their predecessors, with data assembled from a variety of sources. The aim of presenting the mock-up was to demonstrate how reporting would be organized for the Board in the future, subject of course to refinements based on Board feedback and ongoing internal dialogue.

UNFPA informal meetings

134. UNFPA organized two informal consultations: (a) on UNFPA support to young people; and (b) on the review of the UNFPA resource allocation system. The first-mentioned informal consultation was organized in response to a request from delegations at the annual session asking for an informal discussion on the multi-donor evaluation of the work of UNFPA and the International Planned Parenthood Federation in the area of adolescent reproductive health.

Farewell tribute

135. The President of the Executive Board paid tribute to two UNFPA staff members, Richard Snyder and Vernon Mack, who had had a very long association with the Board and would be retiring at the end of the year. He commended them for their distinguished careers and their dedicated and committed support to the Executive Board. Numerous delegations offered their good wishes to the two staff members.